

Economic Development

MISSION STATEMENT

The mission of the Department of Economic Development is to create, attract, retain and expand businesses in Montgomery County, expand employment opportunities for the residents of the County, enlarge the County's economic base, enhance the competitiveness of the businesses located in the County and promote Montgomery County as a SmartLocation for business - globally.

County Government Reorganization

In February, 2008, the County Executive announced a detailed Montgomery County Government Reorganization to improve effectiveness, customer service, accessibility, and efficiency. As part of this plan, the Local Small Business Reserve Program has been shifted to the Department of General Services to facilitate coordination with the County's procurement operations.

BUDGET OVERVIEW

The total recommended FY09 Operating Budget for the Department of Economic Development is \$10,622,830, a decrease of \$350,530 or 3.2 percent from the FY08 Approved Budget of \$10,973,360. Personnel Costs comprise 47.3 percent of the budget for 48 full-time positions and 3 part-time position for 44.6 workyears. Operating Expenses account for the remaining 52.7 percent of the FY09 budget. The FY09 budget reflects the shifting of the Local Small Business Reserve Program (LSBRP) (\$197,960) to the Department of General Services.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ **Healthy and Sustainable Neighborhoods**
- ❖ **Strong and Vibrant Economy**
- ❖ **Vital Living for All of Our Residents**

PERFORMANCE MEASURES

This table presents what the department estimates and projects will be the FY08 through FY10 data for its performance measures if there are no changes in funding.

Measure	Actual FY06	Actual FY07	Estimated FY08	Projected FY09	Projected FY10
Acres of farmland preserved	68,000	69,700	70,700	71,500	72,100
Jobs placed to DED recruited employers	3,269	5,691	8,433	8,550	8,075
Number of DED related job placements for unemployed adults: Dislocated, older and disadvantaged workers	6,963	11,287	15,797	13,775	12,650
Impact of DED business incubators: Estimated fiscal impact of graduated companies (\$ millions)	1.6	1.8	2.1	2.6	3.0
Impact of DED business incubators: Cumulative number of jobs created	370	450	520	570	620
Impact of DED business incubators: Cumulative number of companies graduated	38	43	50	61	71
External funds leveraged by DED programs (\$ millions)	16	15	14	14	20
New revenue generated by DED programs (\$ millions)	9.5	9.7	10.2	11.0	11.3
Overall job growth in the County	14,000	11,000	13,500	12,000	10,550
New jobs created by businesses that received direct technical and/or financial assistance from DED during the fiscal year	1,800	2,000	1,800	1,520	1,330
Technical assistance sessions provided to all businesses and residents	11,000	11,200	10,500	9,000	8,100
Technical assistance sessions provided for small Minority, Female and Disabled (MFD) businesses/residents	3,400	3,800	3,700	3,240	3,150
Number of business prospects (new or expanding) developed annually	140	130	128	109	109

ACCOMPLISHMENTS AND INITIATIVES

- ❖ **Added new Business Empowerment Division to enhance and increase the outreach efforts and support capabilities of the County's Small Business Community.**

- ❖ **Opened the Rockville Innovation Center Incubator, and began construction of 33,000 square foot Germantown Incubator.**
- ❖ **Enhanced international business development to promote foreign direct investment by County businesses by completing trade missions to India and Israel, and entering into a formal partnership with Gyongnam Province, Korea.**
- ❖ **In FY08 secured \$1.5 million in drought assistance to provide financial assistance to County Farmers who suffered crop losses due to the severe drought of 2007.**
- ❖ **Continued the Positive Youth Development Initiative, which provides bi-lingual employment programs for at-risk youth and summer jobs for 40 youth in Germantown, Wheaton, and Silver Spring.**
- ❖ **Exceeded 35% under the FY07 Local Small Business Reserve Program requirement of 10% for all non-exempt County contracts.**
- ❖ **Completed County's rebranding from the "Idealocation" to "SMARTLocation"**

PROGRAM CONTACTS

Contact Peter Bang of the Department of Economic Development at 240.777.2008 or Alison Dollar of the Office of Management and Budget at 240.777.2781 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Marketing and Business Development

This program promotes the assets, advantages and opportunities available within Montgomery County for domestic and international businesses. The division provides services that result in the attraction and retention of those businesses to the County. This includes industry sectors including telecommunications, biotechnology, information technology, advanced engineering and professional services. Major focus of the program includes leads generated by the Department's business development specialists, and a business visitation program to retain existing businesses. Business specialists meet with company representatives during business visits, conferences and other events to offer assistance. They also serve as liaisons to business organizations to help identify and assist new and expanding companies. Assistance includes needs assessment, financial and training assistance, site identification and expediting and coordinating development. The program provides clients with land-use planning expertise, economic analysis, financing and international trade assistance.

Promotional activities include media relations; event coordination; local, regional, national and international advertising; and development of informational and sales materials including the Department's website. These efforts help to position the County in a highly competitive environment, and they set the stage for direct contact.

Activities and materials are directed toward achieving balanced economic growth with a positive business climate and are often closely coordinated with local, regional and State partners, such as the Maryland State Department of Business and Economic Development and the World Trade Center Institute.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	1,907,070	12.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-119,440	-1.0
FY09 CE Recommended	1,787,630	11.0

Business Empowerment

The Division of Business Empowerment provides a variety of programs and services to the County's small and minority business community, including technical publications and services, workshops and conferences, the business mentorship program, and events targeted to area such as procurement and contracting. This program serves as the resource base for small businesses within Montgomery County through advocacy efforts that involve active short-and long-range economic development strategies that address the unique needs of the small business community.

Also, this program manages the business incubator program and small and minority business services program. The County's Business Incubator Network currently has four facilities in operation. These incubators, housed in over 100,000 square feet of space, provide office space and lab facilities, high-level technical assistance and innovative programming to over 90 budding

entrepreneurial businesses. The program added one more incubator to its inventory during FY08, and also operates a virtual incubator that provides programs and services to participating businesses, without the added expense of renting office space.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	1,151,790	11.0
Reduce: Business Empowerment-Consultants	-5,700	0.0
Reduce: Business Empowerment-SBDC Agreement	-15,000	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	197,450	0.0
FY09 CE Recommended	1,328,540	11.0

Workforce Services

The Workforce Services Division is advised by a Workforce Investment Board (WIB), composed of business representatives (51%), community leaders and public officials. The board is appointed by the County Executive in accordance with the Workforce Investment Act (WIA) of 1998 and Montgomery County Executive Order No. 159-02. The Workforce Services staff provide support to the Board by implementing directives and policy initiatives.

WS is funded by approximately \$3 million in Federal Government, State of Maryland and Montgomery County funds. The majority of funds are received under WIA to implement the One-Stop career system. This system, operated locally as MontgomeryWorks, provides an array of career assessment, job readiness, job training, and job placement services to dislocated workers, low-income adults, older workers, disadvantaged workers, and youth. Program staff provide overall administrative support of the WIA grants, and are responsible for fiscal monitoring and accounting, program monitoring and review, new program development and grants, legislative development, and contract management for several service providers for the WIA and County programs. The WIB provides policy oversight and guidance for the expenditure of these funds enabling local business, public and private sectors to work collaboratively in meeting the workforce development needs of Montgomery County.

Services are provided at the MontgomeryWorks One-Stop Workforce Centers in Wheaton and Gaithersburg, which are operated as a consortium with the Department of Labor, Licensing, and Regulation and the Career Transition Center, Inc. and numerous other non-profit and local agency partners. MontgomeryWorks served over 10,180 adult and youth residents in FY07 with core services, intensive counseling services, and the purchase of occupational skills training.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	4,002,310	7.8
Decrease Cost: Technical Grant Adjustment	0	-0.8
Shift: Workforce Investment Services-Alliance for Workplace Excellence	-50,000	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-132,230	-1.0
FY09 CE Recommended	3,820,080	6.0

Agricultural Services

This program encompasses the promotion of agriculture as a viable component of the County's business and economic sector, as well as the preservation of farmland as a resource for future agricultural production capabilities. The Department of Economic Development co-sponsors farmers' markets, an annual farm tour, and other activities which promote agricultural products. The goal of the Agricultural Preservation Program is to acquire easements to protect 70,000 acres of farmland in the Agricultural Reserve by the year 2010. Agricultural Services also provides farmers with zoning and master plan technical assistance and coordinates the County's Weed Control program.

The Montgomery Soil Conservation District (MSCD) is considered a political subdivision of the State and is staffed by County, State, and Federal employees. Programs offered by MSCD include an array of technical advice for conservation and natural resource planning, as well as a variety of educational opportunities. MSCD staff assist farmers and landowners in the County with Soil Conservation and Water Quality Plans, provide technical assistance for conservation practices, and administer a variety of Federal and State cost-share programs which help fund projects to prevent soil erosion and improve water quality. Many of these programs are designed to help protect local waterways and the Chesapeake Bay. The MSCD provides a number of programs that focus on educating Montgomery County residents about the benefits of agriculture, conservation, and natural resources management. Other services include small pond review, drainage advice for residential landowners, and administering the Cover Crop program in the County.

The Cooperative Extension Office serves as the agricultural outreach education component of the University of Maryland. This agency is funded cooperatively through local, State, and Federal governments. Farmers, families, and youth are the primary audiences of the Extension Office. Educational programs for farmers include raising crops and livestock, protecting the environment, farm and business management, marketing commodities, and pest management. Programs for families and youth include: home horticulture, family budgeting, consumer education with a focus on promoting positive parenting skills and healthful diets and lifestyles, leadership development, and traditional 4-H programs. The Extension Office's professional staff utilizes an extensive network of volunteers to assist them in program delivery. Extension Office personnel manage a diverse group of over 3,000 volunteers to respond to over 100,000 information requests a year. Outreach education programs are delivered informally through one-on-one contacts, telephone assistance, the internet, classes and workshops, field days, radio, TV, and print media.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	970,960	7.2
Reduce: Cooperative Extension nutritional counseling	-10,600	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	43,310	0.0
FY09 CE Recommended	1,003,670	7.2

Finance, Administration, and Special Projects

This program is responsible for all departmental administrative efforts, which enable direct services for fiscal and contract management, strategic planning, and special projects. This program administers five financing programs under the Economic Development Fund: the Economic Development Grant and Loan program, the Technology Growth program, the Impact Assistance Fund, the Micro-Loan Program, and the Small Business Revolving Loan program.

This program also works in concert with Marketing and Business Development and Business Empowerment to promote the development of high technology and professional services companies within Montgomery County. In addition, the program oversees the development and management of the Shady Grove Life Sciences Center and planning for several new science and technology centers in Germantown at the Montgomery College campus and East County in the White Oak area.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	2,468,730	10.0
Increase Cost: Increase Incubator Operating grant by \$181,000 to mitigate increase in energy costs	181,000	0.0
Increase Cost: Printing and Mail Adjustments	2,750	0.0
Increase Cost: Motor Pool Rate Adjustment	1,560	0.0
Eliminate: IT Position	-88,010	-1.0
Shift: LSBRP to Office of Procurement-Personnel	-197,960	-2.0
Decrease Cost: Elimination of One-Time Items Approved in FY08	-250,000	0.0
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	115,040	0.0
FY09 CE Recommended	2,233,110	7.0

Office of the Director

The Department of Economic Development is organized to promote team-based approaches to implementing economic development initiatives. This program provides overall direction and supervision for all programs, policies and representation of the Department. The Office of the Director functions as a liaison to local, State, Federal, and international governments; the community; small and minority owned businesses; and private industry partners, and serves as the leader in developing and implementing economic development opportunities for Montgomery County.

The major focus of the program is to establish and maintain high-level relationships with local government and private industry organizations, State and Federal agencies, and national and international governments and organizations. These important contacts are sought through meetings, trade shows and conferences, national and international missions, and other major events that provide exposure and opportunities to market and promote the County's economic vision.

FY09 Recommended Changes

	Expenditures	WYs
FY08 Approved	472,500	2.8
Decrease Cost: Director's Office: Non-Local Travel	-5,050	0.0
Eliminate: Public Services Intern Positions	-11,230	-0.4
Miscellaneous adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting more than one program	-6,420	0.0
FY09 CE Recommended	449,800	2.4

BUDGET SUMMARY

	Actual FY07	Budget FY08	Estimated FY08	Recommended FY09	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	3,283,331	4,099,010	3,542,580	3,822,680	-6.7%
Employee Benefits	992,014	1,198,510	1,035,460	1,129,560	-5.8%
County General Fund Personnel Costs	4,275,345	5,297,520	4,578,040	4,952,240	-6.5%
Operating Expenses	3,052,481	2,975,840	3,549,700	2,970,590	-0.2%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	7,327,826	8,273,360	8,127,740	7,922,830	-4.2%
PERSONNEL					
Full-Time	48	52	52	47	-9.6%
Part-Time	2	5	5	3	-40.0%
Workyears	43.9	49.0	49.0	43.6	-11.0%
REVENUES					
State Salary Reimb: Soil Cons District Mgr	44,424	42,910	75,550	48,710	13.5%
County General Fund Revenues	44,424	42,910	75,550	48,710	13.5%
GRANT FUND MCG					
EXPENDITURES					
Salaries and Wages	0	96,880	96,880	57,470	-40.7%
Employee Benefits	0	30,700	30,700	18,320	-40.3%
Grant Fund MCG Personnel Costs	0	127,580	127,580	75,790	-40.6%
Operating Expenses	2,632,759	2,572,420	2,572,420	2,624,210	2.0%
Capital Outlay	0	0	0	0	—
Grant Fund MCG Expenditures	2,632,759	2,700,000	2,700,000	2,700,000	—
PERSONNEL					
Full-Time	0	1	1	1	—
Part-Time	0	1	1	0	—
Workyears	0.0	1.8	1.8	1.0	-44.4%
REVENUES					
Disabled Veterans	24,999	0	0	0	—
Workforce Investment Act Grants	1,688,601	2,700,000	2,700,000	2,700,000	—
Disability Grant:Workforce Invest Serv	345,676	0	0	0	—
Disability Program Navigator	227,218	0	0	0	—
MD Incumbent Worker	104,324	0	0	0	—
Statewide 50% Training	71,739	0	0	0	—
MD Healthcare Incumbent Worker	19,920	0	0	0	—
MD Youth Demo	51,858	0	0	0	—
MD Neg Brac	19,234	0	0	0	—
MD Works Re-Entry	66,769	0	0	0	—
MD Summer Youth Connection	12,421	0	0	0	—
Grant Fund MCG Revenues	2,632,759	2,700,000	2,700,000	2,700,000	—
DEPARTMENT TOTALS					
Total Expenditures	9,960,585	10,973,360	10,827,740	10,622,830	-3.2%
Total Full-Time Positions	48	53	53	48	-9.4%
Total Part-Time Positions	2	6	6	3	-50.0%
Total Workyears	43.9	50.8	50.8	44.6	-12.2%
Total Revenues	2,677,183	2,742,910	2,775,550	2,748,710	0.2%

FY09 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY08 ORIGINAL APPROPRIATION	8,273,360	49.0
<u>Changes (with service impacts)</u>		
Reduce: Business Empowerment-Consultants [Business Empowerment]	-5,700	0.0
Reduce: Cooperative Extension nutritional counseling [Agricultural Services]	-10,600	0.0
Eliminate: Public Services Intern Positions [Office of the Director]	-11,230	-0.4
Reduce: Business Empowerment-SBDC Agreement [Business Empowerment]	-15,000	0.0
Eliminate: IT Position [Finance, Administration, and Special Projects]	-88,010	-1.0
Eliminate: Business Development Specialist	-207,320	-2.0
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: General Wage and Service Increment Adjustments	267,790	0.0
Increase Cost: Increase Incubator Operating grant by \$181,000 to mitigate increase in energy costs [Finance, Administration, and Special Projects]	181,000	0.0
Increase Cost: Retirement Adjustment	57,410	0.0
Increase Cost: Group Insurance Adjustment	51,030	0.0
Increase Cost: Annualization of FY08 Personnel Costs	22,390	0.0
Increase Cost: Printing and Mail Adjustments [Finance, Administration, and Special Projects]	2,750	0.0
Increase Cost: Labor Contracts	1,700	0.0
Increase Cost: Motor Pool Rate Adjustment [Finance, Administration, and Special Projects]	1,560	0.0
Increase Cost: Central Duplicating Recovery Charge	710	0.0
Decrease Cost: Director's Office: Non-Local Travel [Office of the Director]	-5,050	0.0
Shift: Workforce Investment Services-Alliance for Workplace Excellence [Workforce Services]	-50,000	0.0
Decrease Cost: Miscellaneous operating expenses	-96,000	0.0
Shift: LSBRP to Office of Procurement-Personnel [Finance, Administration, and Special Projects]	-197,960	-2.0
Decrease Cost: Elimination of One-Time Items Approved in FY08 [Finance, Administration, and Special Projects]	-250,000	0.0
FY09 RECOMMENDED:	7,922,830	43.6
GRANT FUND MCG		
FY08 ORIGINAL APPROPRIATION	2,700,000	1.8
<u>Other Adjustments (with no service impacts)</u>		
Decrease Cost: Technical Grant Adjustment [Workforce Services]	0	-0.8
FY09 RECOMMENDED:	2,700,000	1.0

PROGRAM SUMMARY

	FY08 Approved		FY09 Recommended	
	Expenditures	WYs	Expenditures	WYs
Marketing and Business Development	1,907,070	12.0	1,787,630	11.0
Business Empowerment	1,151,790	11.0	1,328,540	11.0
Workforce Services	4,002,310	7.8	3,820,080	6.0
Agricultural Services	970,960	7.2	1,003,670	7.2
Finance, Administration, and Special Projects	2,468,730	10.0	2,233,110	7.0
Office of the Director	472,500	2.8	449,800	2.4
Totals	10,973,360	50.8	10,622,830	44.6

CHARGES TO OTHER DEPARTMENTS

Recipient Department	Recipient Fund	FY08		FY09	
		Total\$	WYs	Total\$	WYs
GENERAL FUND					
CIP	CIP	268,890	2.6	294,950	2.6
Economic Development Fund	Economic Development	109,970	1.0	122,400	1.0

FUTURE FISCAL IMPACTS

Title	CE REC.	(\$000's)				
	FY09	FY10	FY11	FY12	FY13	FY14
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY09 Recommended	7,923	7,923	7,923	7,923	7,923	7,923
No inflation or compensation change is included in outyear projections.						
Labor Contracts	0	296	324	324	324	324
These figures represent the estimated cost of general wage adjustments, service increments, and associated benefits.						
Central Duplicating Deficit Recovery Charge	0	-1	-1	-1	-1	-1
This per employee charge will be eliminated in FY10.						
Subtotal Expenditures	7,923	8,218	8,246	8,246	8,246	8,246